

## TWIN CREEKS SPECIAL SERVICE DISTRICT

This Water Share Dedication Policy was adopted by Resolution No. 2019-05 by the Wasatch County Council acting as the governing board (“Board”) of the Twin Creeks Special Service District (“District”), on August 13, 2019.

### WATER SHARE DEDICATION POLICY

#### 1. Water Share Dedications - Generally

- a. The District provides water services within its service area in Wasatch County, Utah. A party seeking water service for a proposed development (“Applicant”) must dedicate shares of stock in a water company (“Water Shares”) to the District in an amount sufficient to serve the proposed development, in accordance with this Water Share Dedication Policy (“Dedication Policy”).
- b. The District’s water treatment plant is located along Lake Creek, and can only treat water diverted from Lake Creek. For that reason, the District has historically only accepted dedications of Lake Creek Irrigation Company Primary shares (“Lake Creek Primary Shares”). The District will continue to accept dedications of Lake Creek Primary Shares, in accordance with this Dedication Policy.
- c. Due to the extension of new water transmission infrastructure into areas served by the Timpanogos Irrigation Company, the District can now accept dedications of Timpanogos Irrigation Company Class D shares (“Timpanogos Class D Shares”) for culinary use. Due to the constraints of the District’s water treatment plant, the amount of development demand that can be served by Timpanogos Shares is limited to 300 acre-feet. These dedications will be accepted on a first-come, first-served basis, to be determined based on when the District receives the written confirmation from the water company as described in Section 3(c) of this Dedication Policy.
- d. Both the Lake Creek Irrigation Company and the Timpanogos Irrigation Company have shares of stock that represent Municipal and Industrial water provided through the Central Utah Project (“M&I Shares”). Timpanogos Class D Shares, which are a combination of primary water and M&I water, are one example of M&I Shares. Because the annual assessment for M&I Shares is greater than the annual assessment for other water shares, the District will only accept dedication of M&I Shares if the Applicant pays the District a one-time fee to offset the higher ongoing cost to the District of owning the M&I Shares (the “Equalization Payment”). The Equalization Payment will be equal to the net present value of: the annual assessment charged for the M&I Shares, minus the average annual assessment charged for shares that are not M&I Shares, in perpetuity. The Equalization Payment will be based on the difference between the annual assessments at the time the Applicant dedicates the water shares.

## 2. Water Rights Review

- a. The District will review plans for proposed developments to determine the quantity of water required to serve the development. The District will quantify the water dedication requirement using a standard quantification of 1.0 acre-feet per equivalent residential unit for indoor use and 3 acre-feet per irrigated acre for outdoor use. The District, at its sole discretion, will determine the number of equivalent residential units and irrigated acres associated with a development based on the Applicant's plans for the development. If the Applicant changes its plans for the development, the Applicant must resubmit those plans to the District for re-quantification of the required water dedication.
- b. The District will provide the Applicant and the Wasatch County Water Committee (the "Water Board") with a report detailing the water dedication requirement.
- c. As part of the Wasatch County land use approval process, the Applicant must obtain an Action Report from the Water Board.
- d. The quantification of the water rights that must be dedicated for the development will be the greater of: (i) the water share requirements identified by the District pursuant to Section 2(b), above, or (ii) the water share requirements identified by the Water Board in the Action Report.

## 3. Transfer of Water Shares; Will-Serve Letters

- a. Following receipt of the Action Report, the Applicant must present to the District, for preliminary review and approval, the Water Shares that the Applicant proposes to dedicate to the District. If the proposed Water Shares are determined acceptable by the District, the Applicant may commence the transfer of the Water Shares to the District, as follows.
- b. An Applicant will be deemed to have commenced the transfer of Water Shares to the District when: the Applicant has (i) surrendered to the applicable water company stock certificates evidencing the Water Shares, properly endorsed to the District, (ii) paid all applicable transfer fees, and (iii) otherwise done everything necessary pursuant to the water company's bylaws in order to transfer the Water Shares to the District.
- c. The District will, upon request, provide the Applicant with a *draft* will-serve letter to submit to Wasatch County as part of the Applicant's application for preliminary development approval, when: (i) the Applicant has commenced the transfer of Water Shares as described above, and (ii) the District receives written confirmation from the water company that the Water Shares are held in the name of the Applicant, that assessments on the Applicant's Water Shares are paid in full, and that the Applicant is otherwise in good standing with the Water Company. *The*

*draft will-serve letter is not a binding commitment to provide water for the Applicant's development.*

- d. The District will not provide the Applicant with a **final** will-serve letter (or approve a final subdivision plat) until (i) the water company issues new stock certificates to the Water Shares in the name of the District, (ii) the Applicant pays to the District an amount of money equal to one year of water company assessments on the Water Shares, and (iii) if the Applicant is dedicating M&I Shares, the Applicant pays to the District the Equalization Payment.
  - e. Once the water company issues new stock certificates to the Water Shares in the name of the District, the transfer of Water Shares to the District as described herein will be final and irrevocable. The Water Shares will be commingled and become a part of the total water supply of the District, and the water available for use thereunder will become a part of the total water supply of the District, through which all of its customers, including the Applicant's development, will be served on an equal priority basis.
4. **Share Return.** If the Applicant changes its plan for the development before the water company issues new stock certificates in the name of the District, such that the development may be served by less water than originally contemplated, the District will reasonably cooperate to transfer back to the Applicant any water that is not required to serve the needs of the development as shown on the final plat. This provision can be invoked only for changes in development plans that reduce demand; it cannot be used by the Applicant for the purpose of substituting Water Shares from one water company with Water Shares from another water company.
  5. **Costs.** All costs associated with the review of the Applicant's plans, quantification of necessary Water Rights, the dedication process, and the return of unneeded shares (if any), shall be borne by the Applicant.
  6. **Exceptions.** The District's General Manager may make exceptions to this Policy with the concurrence of the Board.

**TWIN CREEKS SPECIAL SERVICE DISTRICT  
WATER DEDICATION POLICY  
RESOLUTION NO. 2019-05**

**RECITALS**

WHEREAS, the Twin Creeks Special Service District (the "District") is a special service district established by the County Legislative Body of Wasatch County, Utah, pursuant to the provisions of Utah law, for the purpose of providing culinary and irrigation water delivery services within the boundaries of the District;

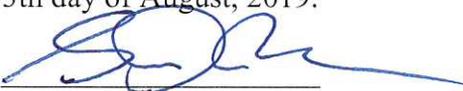
WHEREAS, pursuant to those goals and policies, the District is authorized to require the dedication of water shares to the District in an amount sufficient to serve new developments;

WHEREAS, the District has a Water Share Dedication Policy that governs the procedures for dedicating water shares to the District;

WHEREAS, the District desires to provide a mechanism for the collection of a one-time fee to offset the higher ongoing cost to the District associated with the dedication of Municipal and Industrial water shares provided through the Central Utah Project.

NOW, THEREFORE, the Wasatch County Council, acting as the governing body of the District, hereby adopts the Water Share Dedication Policy attached hereto as Exhibit A.

Resolution 2019-05 Approved and adopted this 13th day of August, 2019.

By: 

District Board Chairman

Attest:

By:   
District Treasurer